

**MONTANA PUBLIC SERVICE COMMISSION
UTILITY DIVISION
AGENDA NO. 04-09-21**

Date Published: September 16, 2004
For Work Week Commencing: September 20, 2004
Commission Meeting: September 21, 2004, 9:00 a.m.

General Introduction This agenda is the Commission's Utility Division agenda for the work week designated. In the later part of each week (generally, Thursday by 2:00 p.m.) prior to the work week to which an agenda pertains, the agenda is posted on the public information bulletin board at the Commission offices, deposited in the mail directed to all persons who have properly requested notice by mail, emailed to all persons who have properly requested notice by email, and posted to the Public Service Commission's worldwide web site located at <http://www.psc.state.mt.us>.

Place of Meetings All meetings are held at the Commission offices, 1701 Prospect Avenue, Helena, Montana, unless otherwise noted.

Inquiries General inquiries concerning this Utility Division agenda and subscribing to notice by mail may be made to Kate Whitney at (406) 444-3056. She may refer inquiries to another person within the agency.

Accommodation for Persons with Disabilities Anyone needing an accommodation for physical, hearing, or sight impairment in order to attend a scheduled meeting should contact the Commission secretary at (406) 444-6199 sufficiently prior to the meeting to allow accommodations to be made.

9:00 a.m. Weekly Scheduling (Commission Conference Room)

9:30 a.m. Business (Bollinger Room)

Public Comments

Action Items All items identified below are for action at the Commission business meeting.

1. NORTHWESTERN ENERGY D97.11.219 (Eric)

On September 8, 2004, NWE filed its eleventh semi-annual true-up Advice Letter pursuant to Order No. 6035a. This filing is made by NWE in its role as servicer of the Natural Gas Transition Bonds. If the previous six-month period variance between the scheduled debt service and the actual amounts available to satisfy the scheduled debt service for such period exceeds 2 percent NWE is required to apply for adjustment to the Fixed Transition Amount (FTA) charges. The variance for the period was an over collection of .05 percent or \$1,686. In spite of the fact that the variance did not exceed 2 percent, an increase in FTA-GP, FTA-RA(Core), FTA-RA (Non-Core) rates

is necessary based on future payment obligations and projected market load. There is a slight decrease in the FTA-RA (Utility) rate. The new FTA rates should ensure enough funds are collected to make the next principal and interest payment. Staff recommends that the changes in the FTA charges be approved effective October 1, 2004.

2. CenturyTel N2004.9.142 (Scott)

On Aug 31, 2004 CenturyTel of Montana filed Tariff Transmittal No-04-5. With this filing CenturyTel is proposing to offer an additional line promotion. During the period October 1, 2004 through December 31, 2004, the company will waive the nonrecurring charges applicable to the installation of additional lines at the same premise.

3. Qwest Communications N2004.9.144 (Scott)

On September 3, 2004, Qwest filed Tariff Transmittal 04-016, Primary Rate Service (PRS)/Digital Switched Service (DSS) promotion. During the promotion period from October 4, 2004 through December 31, 2004, Qwest is offering a special price on ISDN PRS, Advanced DSS, and Basic DSS on bulk rate 36-month term commitments. This PRS/DSS promotion is only available to retail and wholesale business customers.

4. CENTRAL MONTANA COMMUNICATIONS N2004.8.138 (Leroy)

On August 26, 2004, Central Montana Communications filed to modify its tariff for the Local Network Access Line Service in response to the FCC adding four federal assistance programs to the list of qualifying programs for participation in the Enhanced Lifeline/Linkup program. The four new programs as well as an income qualification program have been added to the tariff.

Work Sessions All items identified below are for Commission discussion or action on the day designated.

1. D2002.10.126 – PSC – Cramming Complaint against Go Internet. (9/21/04)
2. N2004.7.121 – PSC – Annual ETC Certifications. (9/21/04)

3. D2003.8.105 – Mid-Rivers Cell – Application for ETC Designation. (9/21/04)
4. D2003.10.156 – 3 Rivers PCS (Wireless) – Application for ETC Designation. (9/21/04)
5. D2004.7.106, D 2004.7.107, D2004.7.111, D2004.9.136 – Qwest, IDT America Corp., Covista, Inc., Airtel Wireless, VCI Company – Interconnection Agreements. (9/21/04)
6. D2003.1.8 and D2002.10.132 – Blackfoot Telephone Cooperative, Inc., Triangle Telephone Cooperative, Inc. and Central Montana Communications, Inc. – EAS Applications. (9/21/04)
7. D2004.2.17 and D2004.2.22 – Ronan Telephone Company and Hot Springs Telephone Company – EAS Applications. (9/21/04)
8. FCC WC Docket No. 04-313 – Comments on FCC Development of Final Network Unbundling Rules. (9/21/04)
9. D2003.8.109 – PSC – Implementation by NorthWestern Energy of Liberty T&D Operations Audit. (9/21/04)
10. NorthWestern Energy Bankruptcy – Placeholder to Report on and Get Direction on Any Matter Related to the Bankruptcy. (9/21/04)
11. NorthWestern Energy Post-Bankruptcy – Discuss Draft of PSC Evaluation Criteria for Post-Bankruptcy Acquisition Proposals. (9/21/04)
12. D2004.9.153 and D2004.9.154 – PSC Initiated – PSC Funding Tax and Montana Consumer Counsel Funding Tax. (9/21/04)

Other Meetings

Weekly Scheduling – Will be held at 9:00 a.m. on the day of the Commission Meeting

Notice Items All items identified below are noticed for public participation purposes. Unless otherwise stated in the text of the notice, the items will be action items on the next following agenda or a subsequent agenda and participation may be had by submitting written comments to the Public Service Commission, 1701 Prospect Avenue, P.O. Box 202601, Helena, Montana, 59620-2601, within 5 calendar days following publication of this agenda. Public comments on a noticed matter may also be submitted within the required time through the PSC's web-based comment form at <http://psc.state.mt.us/PublicComment/PublicComment.htm>. Comments should reference the docket number of the matter.

1. NorthWestern Corporation D2004.8.137
(Eric)

On August 25, 2004 NorthWestern Corporation filed an application seeking authority to issue warrants and up to an additional 7.571 million shares of common stock. The issuance of the warrants and additional common stock serves two purposes (1) to implement the Harbert Settlement and (2) implement employee incentive plans by the reorganized NorthWestern's new Board of Directors post-reorganization.

The proposed issuance of warrants and of an additional 5.305 million shares of new common stock is part of a compromise and settlement of objections to the Plan filed by Harbert Management Corporation and Wilmington Trust Company. The Harbert Settlement will result in an increase in distribution of the Commission's previously approved issuance of common stock to NorthWestern's subordinated creditors from two percent to eight percent. In this regard, no other additional shares would have to be issued from those previously approved by the PSC in Default Order No. 6581. However, the Harbert Settlement also provides that the subordinated creditors will share, pro rata, in warrants exercisable for an additional thirteen percent of reorganized NorthWestern's newly issued common stock. If the warrants to be issued are exercised, this would result in an additional 5.305 million shares of new common stock to be issued by reorganized NorthWestern.

In terms of the new employee incentive plan, the proposed issuance of an additional 2.266 million shares of new common stock is part of a negotiated agreement for the implementation of a potentially broad based employee incentive plan. While the new Board of Directors retains sole discretion to develop and implement any employee incentive plan post-confirmation, 228,320 shares was agreed by the Committee of Unsecured Creditors to be reserved and allocated to a management group in the form of Special Recognition Grants. These Special Recognition Grants vest 50 percent on

the effective date of the Plan and fifty percent over the two to three years following the Plan's effective date.

2. City of Great Falls N2004.9.150 (Will)

On September 15, 2004, the City of Great Falls filed an application for a license to offer and sell retail electricity supply services in NorthWestern Energy's service territory.

Information Items All items identified below are for information only.

New Filings Received in Past Week

D2004.9.147 – Qwest Corporation and New Access Communications LLC – QPP Agreement

D2004.9.148 – Qwest Corporation and SouthWestern Bell Communications Services aka SBC Long Distance – Application for Approval of Adoption of Qwest Corporation's Statement of Generally Available Terms and Associated Exhibits A through M

D2004.9.149 – Qwest Corporation and Talk America Inc. – Application for Approval of Adoption of Qwest Corporation's Statement of Generally Available Terms and Associated Exhibits A through M

N2004.9.150 – City of Great Falls – Application for License to Supply Electricity

N2004.9.152 – Qwest Services Corporation – Waiver of Months to Exhaust/Utilization Threshold Requirements – Billings Rate Center

D2004.9.153 – PSC Initiated – PSC Funding Tax

D2004.9.154 – PSC Initiated – Montana Consumer Counsel Funding Tax

D2004.5.69 – Montana-Dakota Utilities – Application to Implement a Gas Cost Tracking Adjustment Change for October 2004

D2004.8.131 – Energy West – Monthly Gas Cost Tracker Filing for October 1, 2004